

TOBACCO CONTROL BOARD

Budget Summary							
Fund	2000-01 Base Year Doubled	2001-03 Governor	2001-03 Jt. Finance	2001-03 Legislature	2001-03 Act 16	Act 16 Change Over Base Year Doubled	
						Amount	Percent
SEG	\$42,433,200	\$33,175,600	\$21,527,400	\$21,527,400	\$21,527,400	- \$20,905,800	- 49.3%

FTE Position Summary						
Fund	2000-01 Base	2002-03 Governor	2002-03 Jt. Finance	2002-03 Legislature	2002-03 Act 16	Act 16 Change Over 2000-01 Base
SEG	2.00	4.00	4.00	4.00	4.00	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	- \$117,600
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Governor/Legislature: Delete \$58,800 annually to reflect full funding of continuing salaries and fringe benefit costs.

2. GRANT FUNDING [LFB Paper 880]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- \$9,154,000	- \$11,616,000	- \$20,770,000

Governor: Modify grant funding as follows.

Amount. Reduce funding by \$9,154,000 SEG in 2001-02 to reflect that half of the total 2000-01 funding authorized in Act 9 for competitive grants (\$18,308,000) will not be expended in 2000-01 and instead, will be carried forward and available for expenditure in 2001-02. 1999 Wisconsin Act 9 authorized the Board to award grants for activities to reduce and prevent tobacco use in the state, beginning July 1, 2000. However, the Board began awarding

competitive grants on a calendar year basis, beginning January, 2001. Therefore, a one-time surplus will be carried forward to support grants in the 2001-03 biennium.

Funding Earmarked for the Thomas T. Melvin Youth Tobacco Prevention and Education Program. Increase from \$1.0 million to \$1.5 million in 2001-02 and from \$1.0 million to \$2.0 million in 2002-03 the amount of grant funding the Board is required to provide to support the Thomas T. Melvin youth tobacco prevention and education program. Reduce GPR funding budgeted for the program in the Department of Health and Family Services by corresponding amounts, so that the program would be entirely funded from SEG tobacco control funds by 2002-03, but total funding earmarked for the program in each year of the 2001-03 biennium would remain the same, \$2 million per year (all funds). The GPR effect of this change is reflected under "Health and Family Services -- Public Health." The effect of this provision for the Board would be to reduce the amount of funds available for competitive grants by \$500,000 in 2001-02 and \$1,000,000 in 2002-03, so that \$17,808,000 in 2001-02 and \$17,308,000 in 2002-03 would be available to fund competitive grants.

Under current law, of the total annual funding budgeted for grants, the Board is required to provide at least \$2.5 million for: (a) research, prevention and cessation activities conducted by the University of Wisconsin-Madison tobacco research and intervention center (\$1.0 million); (b) the Thomas T. Melvin youth tobacco prevention and education program (\$1.0 million); and (c) the Medical College of Wisconsin (\$500,000). The remainder of the funding is available for competitive grants.

Joint Finance/Legislature: Modify the Governor's recommendations as follows: (a) reduce funding for grants by \$5,808,000 SEG annually; (b) increase from \$1,500,000 to \$2,000,000 in 2001-02, the amount of funding the Board would be required to provide to support the Thomas T. Melvin youth tobacco and prevention education program; and (c) reduce GPR funding for the Thomas T. Melvin program budgeted under DHFS by \$500,000 in 2001-02. (The fiscal effect of the reduction of GPR support for the Thomas T. Melvin program is summarized under "Health and Family Services -- Public Health.")

Under the amended bill, \$15,000,000 annually would be available for grants, of which \$3,500,000 annually would be earmarked for specific purposes and \$11,500,000 annually would be available for competitive grants. The following table compares total funding available for Tobacco Control Board grants for 2001-03 biennium under the Governor's recommendation and under Act 16.

Tobacco Control Board Grant Funds 2001-03

	<u>Governor's Recommendation</u>	<u>Act 16</u>
Thomas T. Melvin Youth Tobacco Prevention and Education Program	\$3,500,000	\$4,000,000
University of Wisconsin-Madison Tobacco Research and Intervention Center	2,000,000	2,000,000
Medical College of Wisconsin	1,000,000	1,000,000
Competitive Grants*	<u>35,116,000</u>	<u>23,000,000</u>
Total	\$41,616,000	\$30,000,000

*Includes the \$9,154,000 carried over from state fiscal year 2000-01.

[Act 16 Sections: 3159 and 3160]

3. STAFF [LFB Paper 881]

Funding Positions		
SEG	\$14,000	2.00

Governor/Legislature: Provide \$2,600 in 2001-02 and \$11,400 in 2002-03 and 2.0 positions, beginning in 2001-02, to support the Board's activities. The bill would provide 1.0 contract specialist position to increase monitoring of grants awarded by the Board and 1.0 program assistant position to provide clerical support to the Board. The cost of these positions (\$62,600 in 2001-02 and \$71,400 in 2002-2003) would be partially offset by reducing base funding budgeted for limited-term employees (-\$50,000 annually) and permanent property (-\$10,000 annually). The Board is currently authorized 2.0 positions, including 1.0 staff coordinator position that serves as the Executive Director and 1.0 program and planning analyst position.

4. TRANSFER TO TOBACCO CONTROL FUND [LFB Papers 880 and 881]

	Governor (Chg. to Base)	Jt. Finance/Leg (Chg. to Gov)	Net Change
GPR-REV	-\$33,175,600	\$11,798,200	-\$21,377,400
SEG-REV	\$33,175,600	-\$11,798,200	\$21,377,400

Governor: Specify that the first \$12,006,400 in 2001-02 and the first \$21,169,200 in 2002-03 received from the Attorney General Master Tobacco Settlement Agreement of November 23, 1998, be transferred from the general fund and deposited in the tobacco control fund to

continue to fund the Board's grants and activities. These amounts equal the total budget recommended for the Board in the 2001-03 biennium.

Specify that, if the state has not received at least these amounts in each fiscal year from the settlement because the DOA Secretary has sold the state's right to receive payments under the agreement, the DOA Secretary would transfer these amounts from the general fund, less any payments received under the settlement agreement and deposited in the tobacco control fund in that fiscal year.

The Governor's proposal to sell the state's right to receive revenues under the tobacco settlement agreement is described under "Tobacco Settlement Securitization."

1999 Wisconsin Act 9 required that the first \$23,500,000 of the moneys received under the agreement be transferred from the general fund to the segregated tobacco control fund in 1999-00. This amount equaled the total budget for the Board in the 1999-01 biennium. No transfer occurred in 2000-01.

Joint Finance: Reduce funding transferred to the tobacco control fund from the general fund by \$5,974,100 in 2001-02 and \$5,824,100 to reflect reductions in funding for grants and administrative expenses as follows: (a) -\$5,808,000 annually to reduce funding for tobacco control grants; (b) -\$150,000 in 2001-02 to reflect additional tobacco control funds that will be carried over from the 1999-01 biennium and will be available to support administrative expenses in 2001-02; and (c) -\$16,100 annually to reduce administrative expenses associated with Board members' travel and meeting expenses (see Item #5).

In addition, specify that the same amount of funding that would be transferred from the general fund to the segregated tobacco control fund in 2002-03 would be transferred in each subsequent fiscal year. Finally, modify the deadline for the Board's annual report from July 1 to April 15, beginning in 2002.

Conference Committee/Legislature: Modify the Joint Finance provision to provide that annually, after June 1, but no later than June 15, beginning in 2004, the Joint Committee on Finance would transfer from the permanent endowment fund to the tobacco control fund the lesser of \$25,000,000 or 8.5% of the market value of the investments in the permanent endowment fund on June 1 in that year.

[Act 16 Sections: 100m, 246, 1111, 1134, 1135, 1136, 1136g, 1137, 3159, 3160, 3160c and 9423(12x)]

5. TOBACCO CONTROL BOARD MEMBERSHIP [LFB Paper 881]

SEG	- \$32,200
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Joint Finance/Legislature: Reduce funding by \$16,100 annually and limit the membership on the Tobacco Control Board to 15 members, effective on the first day of the third month following the enactment of the bill. In addition, require membership of the Board to include at least one majority party senator, one minority party senator, one majority party representative

to the Assembly, one minority party representative to the Assembly and the state Attorney General, or his or her designee. Under current law, the Governor appoints members of the Board, and there is no limitation on the number of members. There are currently 22 members. The reduction in funding reflects reduced meeting and travel expenses associated with fewer Board members.

Veto by Governor [C-43]: Delete the provisions that would limit the membership on the Tobacco Control Board and specify who is to be included on the Board.

[Act 16 Vetoed Sections: 173p thru 173s and 9423(12mk)]